ADAPT IT HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 1998/017276/06
Share code: ADI
ISIN: ZAE000113163
("Adapt IT" or "the Company" or "the Group")

PRELIMINARY SUMMARISED CONSOLIDATED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2015, FINAL DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING

42%
TURNOVER

89%
OPERATING PROFIT

35%
HEADLINE EARNINGS PER SHARE

SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

		Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
Revenue		578 049 095	408 546 471	7 267 700	14 811 282
Turnover		575 323 868	406 300 843	–	–
Cost of sales		(299 108 714)	(227 799 448)	–	–
Gross profit		276 215 154	178 501 395	–	–
Administrative, selling and other costs		(182 398 053)	(128 971 855)	(6 134 407)	(14 858 240)
Sundry revenue		–	158 787	7 267 700	14 811 282
Profit/(loss) from operations		93 817 101	49 688 327	1 133 293	(46 958)
Finance income		2 725 227	2 086 841	–	–
Finance costs		(11 247 056)	(907 425)	(2 641)	(1 310)
Share of profits of equity accounted investment after tax		168 200	–	–	–
Profit/(loss) before taxation		85 463 472	50 867 743	1 130 652	(48 268)
Income tax expense		(27 516 457)	(12 744 711)	(407 860)	(104 511)
Profit/(loss) for the year		57 947 015	38 123 032	722 792	(152 779)
Attributable to:					
Equity holders of the parent		57 947 015	38 123 032	722 792	(152 779)
Other comprehensive income					
Items that will not be reclassified to profit and loss		1 942 462	–	–	–
Revaluation of land and building		1 406 984	–	–	–
Income tax effect		535 478	–	–	–
Items that may be reclassified subsequently to profit and loss		529 847	761 298	–	–
Exchange differences arising from translation of foreign operations		529 847	761 298	–	–
Total comprehensive income/(loss)		60 419 324	38 884 330	722 792	(152 779)
Attributable to:					
Equity holders of the parent		60 419 324	38 884 330	722 792	(152 779)
Basic earnings per share	(cents)	46,57	34,45		
Basic diluted earnings per share	(cents)	45,46	33,48		

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
ASSETS					
Non-current assets		392 214 992	185 241 598	50 010 248	50 301 463
Property and equipment		31 705 928	30 751 151	–	–
Intangible assets		10 873 035	8 323 033	–	–
Goodwill		336 051 950	133 486 825	–	–
Interest in subsidiaries and share trust		–	–	48 115 401	48 115 401
Loans to subsidiaries		–	–	1 390 006	1 391 804
Equity accounted investment		168 200	–	–	–
Deferred taxation asset		13 415 879	12 680 589	504 841	794 258
Current assets		153 804 606	111 484 922	71 120 533	209 030
Trade and other receivables		112 111 658	91 266 975	890 765	174 783
Amounts owing by subsidiaries		–	–	70 141 692	–
Current tax receivable		12 720 662	4 301 168	–	–
Cash and cash equivalents		28 972 286	15 916 779	88 076	34 247
Total assets		546 019 598	296 726 520	121 130 781	50 510 493
EQUITY AND LIABILITIES					
Equity		326 362 080	185 100 627	118 478 161	24 583 303
Share capital		12 920	11 150	12 920	11 150
Share premium		128 819 663	23 925 590	124 104 651	19 210 578
Other capital reserves		26 594 829	51 055 840	12 860 454	15 055 840
Equity compensation reserve		530 517	–	–	–
Foreign currency translation reserve		2 419 112	1 889 265	–	–
Revaluation reserve		3 544 400	1 601 938	–	–
Retained earnings		164 440 639	106 616 844	(18 499 864)	(9 694 265)
Non-current liabilities		77 848 375	4 561 378	–	–
Interest-bearing borrowings		8 521 023	4 275 947	–	–
Financial liabilities		69 224 164	–	–	–
Deferred taxation liability		103 188	285 431	–	–
Current liabilities		141 809 143	107 064 515	2 652 620	25 927 190
Trade and other payables		33 614 633	27 173 765	754 225	864 123
Provisions		26 466 046	20 823 698	1 859 116	2 898 085
Deferred income		65 287 590	54 232 537	–	–
Amounts owing to subsidiaries		–	–	–	22 085 587
Current tax payable		618 838	1 816 200	39 279	79 395
Current portion of interest-bearing borrowings		15 822 036	3 018 315	–	–
Total equity and liabilities		546 019 598	296 726 520	121 130 781	50 510 493
Number of ordinary shares in issue		129 201 421	111 499 091		
Net asset value per share	(cents)	252,60	167,25		
Tangible net asset value per share	(cents)	47,70	46,73		

At 30 June 2015 the carrying values of the financial assets and financial liabilities are considered by management to approximate their fair value, due to their short-term nature. All financial assets and liabilities are carried at amortised cost and hence no fair value disclosure is necessary, in terms of the fair value hierarchy requirements of IFRS 7 Financial Instruments: Disclosures.

SUMMARISED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Group 2015 R	Group 2014 R	Company 2015 R	Company 2014 R
OPERATING ACTIVITIES				
Cash generated from/(utilised in) operations	105 387 069	60 642 283	(731 556)	1 482 331
Finance income	1 018 543	2 086 841	–	–
Finance costs	(4 425 757)	(907 425)	(2 641)	(1 310)
Dividends paid	(9 528 391)	(6 017 386)	(9 528 391)	(6 017 386)
Taxation paid	(44 191 308)	(15 279 581)	(158 559)	(251 674)
Net cash flow from/(utilised in) operating activities	48 260 156	40 524 732	(10 421 147)	(4 788 039)
INVESTING ACTIVITIES				
Property and equipment acquired	(4 322 657)	(6 038 613)	–	–
Intangible assets acquired and developed	(6 083 953)	(4 978 014)	–	–
Proceeds on disposal of property and equipment	67 525	41 648	–	–
Net cash outflow on acquisition of subsidiaries	(63 877 413)	(32 206 631)	–	–
Net cash utilised in investment activities	(74 216 498)	(43 181 610)	–	–
FINANCING ACTIVITIES				
Proceeds from borrowings	132 120 285	51 900 000	–	–
Repayment of borrowings	(135 265 514)	(46 618 257)	–	–
Issue of shares for cash	41 839 999	–	–	–
Issue of Company's shares	–	–	104 895 843	1 753 242
Increase in amounts owing (by)/to subsidiaries	–	–	(94 420 867)	801 625
Repayment of vendor loans	(439 174)	(10 155 631)	–	–
Net cash flows from/(utilised in) financing activities	38 255 596	(4 873 888)	10 474 976	2 554 867
Net increase/(decrease) in cash resources	12 299 254	(7 530 766)	53 829	(2 233 172)
Exchange differences on translation	756 253	754 884	–	–
Cash and cash equivalents at beginning of year	15 916 779	22 692 661	34 247	2 267 419
Cash and cash equivalents at end of year	28 972 286	15 916 779	88 076	34 247

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

Attributable to equity holders of the parent

GROUP	Share capital R	Treasury shares R	Share premium R	Other capital reserves R	Equity compensation reserve R	Asset revaluation reserve R	Foreign currency translation reserve R	Retained earnings R	Total equity R
Balance at 30 June 2013	11 100	(277)	14 625 917	1 300 000	–	1 601 938	1 127 967	73 567 038	92 233 683
Total comprehensive income for the year	–	–	–	–	–	–	761 298	38 123 032	38 884 330
Profit for the year	–	–	–	–	–	–	–	38 123 032	38 123 032
Other comprehensive income for the year	–	–	–	–	–	–	761 298	–	761 298
Issue of treasury shares for business combination	–	–	1 300 000	(1 300 000)	–	–	–	–	–
Shares to be issued – raised at acquisition on business combination	–	–	–	52 000 000	–	–	–	–	52 000 000
Purchase consideration adjustment	–	–	–	(944 160)	–	–	–	944 160	–
Issue of shares for business combination	50	277	7 999 673	–	–	–	–	–	8 000 000
Shares issued during the year	50	–	1 753 192	–	–	–	–	–	1 753 242
Issue of treasury shares	–	277	6 246 481	–	–	–	–	–	6 246 758
Dividend paid	–	–	–	–	–	–	–	(6 017 386)	(6 017 386)
Balance at 30 June 2014	11 150	–	23 925 590	51 055 840	–	1 601 938	1 889 265	106 616 844	185 100 627
Total comprehensive income for the year	–	–	–	–	–	1 942 462	529 847	57 947 015	60 419 324
Profit for the year	–	–	–	–	–	–	–	57 947 015	57 947 015
Other comprehensive income for the year	–	–	–	–	–	1 942 462	529 847	–	2 472 309
Share-based payments	–	–	–	–	530 517	–	–	–	530 517
Purchase consideration adjustment	–	–	–	(9 405 171)	–	–	–	9 405 171	–
Issue of shares for business combination	1 159	–	63 054 685	(15 055 840)	–	–	–	–	48 000 004
Shares issued during the year	611	–	41 839 388	–	–	–	–	–	41 839 999
Dividend paid	–	–	–	–	–	–	–	(9 528 391)	(9 528 391)
Balance at 30 June 2015	12 920	–	128 819 663	26 594 829	530 517	3 544 400	2 419 112	164 440 639	326 362 080

COMPANY	Share capital R	Share premium R	Other capital reserves R	Retained earnings R	Total equity R
Balance at 30 June 2013	11 100	17 457 386	1 300 000	(3 524 100)	15 244 386
Total comprehensive loss for the year	–	–	–	(152 779)	(152 779)
Issue of shares	50	1 753 192	(1 300 000)	–	453 242
Shares to be issued	–	–	15 055 840	–	15 055 840
Dividend paid	–	–	–	(6 017 386)	(6 017 386)
Balance at 30 June 2014	11 150	19 210 578	15 055 840	(9 694 265)	24 583 303
Total comprehensive profit for the year	–	–	–	722 792	722 792
Issue of shares	1 770	104 894 073	(15 055 840)	–	89 840 003
Shares to be issued	–	–	12 860 454	–	12 860 454
Dividend paid	–	–	–	(9 528 391)	(9 528 391)
Balance at 30 June 2015	12 920	124 104 651	12 860 454	(18 499 864)	118 478 161

EARNINGS AND DIVIDENDS PER SHARE

EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to equity holders of R57 947 015 (2014: R38 123 032) and the weighted average number of ordinary shares in issue during the year of 124 427 314 (2014: 110 674 184). The calculation of diluted earnings per share is based on the profit of R57 947 015 (2014: R38 123 032) and the weighted average number of diluted ordinary shares in issue during the year of 127 460 251 (2014: 113 873 316).

		Group 2015	Group 2014
Reconciliation between earnings and headline earnings			
Earnings attributable to equity holders of the parent		57 947 015	38 123 032
Adjusted for:			
(Profit)/loss on sale of property and equipment		(39 449)	111 975
Headline earnings		57 907 566	38 235 007
Basic earnings per share	(cents)	46,57	34,45
Headline earnings per share	(cents)	46,54	34,55
Diluted basic earnings per share	(cents)	45,46	33,48
Diluted headline earnings per share	(cents)	45,43	33,58
DIVIDENDS PER SHARE			
Dividends per share	(cents)	8,23	5,65

EVENTS AFTER THE REPORTING DATE

On 1 July 2015, ApplyIT (Pty) Ltd, Swicon360 (Pty) Ltd, Swicon360 HCM Spectrum (Pty) Ltd, ITS Evula (Pty) Ltd, Aquilon (Pty) Ltd, Aquilon Evolution Holdings (Pty) Ltd, Aquilon Evolution Consulting (Pty) Ltd, AspiviaUnison (Pty) Ltd, Unison Communications Holdings (Pty) Ltd, Unison Communications (Pty) Ltd and Aspivia (Pty) Ltd were amalgamated into Adapt IT (Pty) Ltd in accordance with the provisions of Section 113, 115 and 116 of the Companies Act, 2008, as amended.

The reasons for the amalgamation are, *inter alia:*
- To rationalise the Adapt IT Group;
- To reduce the number of Adapt IT Group entities;
- To achieve efficiencies and savings in administrative and operational expenditure; and
- To simplify the Adapt IT Group structure.

BUSINESS COMBINATIONS

ACQUISITION OF SUBSIDIARY: ASPIVIAUNISON

On 1 September 2014, the Group acquired the entire issued share capital of AspiviaUnison (Pty) Ltd and its subsidiaries (AspiviaUnison). The AspiviaUnison companies are South African registered.

AspiviaUnison is a cloud telecommunications intelligence and management solutions provider. With over 14 years' experience in the field of telecommunications management within Southern Africa. AspiviaUnison provides Telecommunications Lifecycle Management (TLM), Telecommunications Management Services (TMS) and Mobile Device Spend Management (MDSM) software solutions. The products of AspiviaUnison comprise several crucial forward-looking telecommunications intelligence services that provide business intelligence on telecommunications billing information for a more uniform and understandable billing, integration of billing data with enabling technologies and understanding and control of mobile device spend.

The purchase consideration consists of R36 000 000 in cash paid on 5 November 2014 and R36 000 000 in cash paid on 3 March 2015, with a further contingent consideration of a maximum amount of R128 000 000, which is contingent upon the achievement by AspiviaUnison of the following performance warranties over 28 months (performance warranties):
- R29 427 000 profit after tax for the period 1 September 2014 to 30 June 2015 (first performance warranty period);
- R40 100 000 profit after tax for the period 1 July 2015 to 30 June 2016 (second performance warranty period); and
- R21 100 000 profit after tax for the period 1 July 2016 to 31 December 2016 (third performance warranty period).

The maximum amount of R128 000 000 (contingent earn-out portion) is payable as follows:
- R48 000 000 shares were issued in December 2014, pledged to Adapt IT (Pty) Ltd as security for performance as against the performance warranties, and will only vest unconditionally upon achievement of at least R54 400 000 cumulative profit after tax; and
- subject and *pro rata* to achievement of the performance warranties, up to a further R80 000 000 which is payable 60% in cash and 40% by the issue of further shares:
- in respect of achievement in aggregate of the performance warranties in respect of the first and second performance warranty periods, and up to 15% advance achievement of the performance warranties in respect of the third performance warranty period, if any, by the later of 30 September 2016 and the final determination of any dispute which may arise in the determination of the profit after tax pertaining to the profit warranties; and
- in respect of achievement in aggregate of the outstanding performance warranties as at the end of the third performance warranty period, if any, by the later of 31 March 2017, or the final determination of any dispute which may arise in the determination of the profit after tax, to the extent that the contingent earn-out portion has not already been paid.

The number of shares to be issued, in each applicable instance thereof, shall be calculated by dividing the corresponding amount of the relevant contingent earn-out portion by the weighted average traded price of Adapt IT shares for a period of 30 trading days prior to the relevant date as specified in the agreement.

The latest financial projections for AspiviaUnison indicate that the profit warranties will be achieved and accordingly the maximum contingent purchase consideration has been accounted for resulting in a maximum purchase consideration of R200 000 000. The future contingent purchase consideration, to be settled in cash and shares as set out above, is recorded at fair value as a financial liability, by taking into account the present value of these future settlements using a discount factor equal to a borrowing rate. The fair value of the consideration payable at acquisition date was R182 402 865.

The fair value of the net liabilities acquired amounted to R20 162 260, resulting in goodwill of R202 565 125 at acquisition. The purchase consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth, new market penetration and future market development.

AspiviaUnison adds another significant pillar to Adapt IT's growing vertical software solutions set. The acquisition, which is in line with Adapt IT's strategy of targeted acquisitive growth, enables the Adapt IT Group to further diversify and bolster its customer base, especially in the Financial Services Industry (FSI) and the wider Private and targeted Public Sector markets.

The fair values of the identifiable net assets and liabilities of the AspiviaUnison companies as at the date of acquisition were:

	Fair value recognised on acquisition R
Assets	
Property and equipment	335 036
Intangible assets	33 138
Deferred taxation	381 276
Trade and other receivables	11 620 276
Cash and cash equivalents	2 393 971
Total assets	14 763 697
Liabilities	
Current portion of non-interest-bearing borrowings (previous shareholders)	439 174
Current portion of interest-bearing borrowings	20 194 026
Trade and other payables	6 013 657
Provisions	1 221 884
Current tax payable	7 057 216
Total liabilities	34 925 957
Total identifiable net liabilities	(20 162 260)
Goodwill arising on acquisition	202 565 125
Fair value of consideration payable:	182 402 865
Cash paid	36 000 000
Shares issued in December 2014	48 000 000
Fair value at acquisition of cash paid on 3 March 2015	34 356 846
Fair value of contingent purchase consideration owing in respect of acquisition and settled through issue of shares and cash when relevant warranties have been fulfilled*	64 046 019
Fair value of consideration payable	182 402 865
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	2 393 971
Cash paid	(72 000 000)
Net cash outflow on acquisition	(69 606 029)

** The fair value of contingent purchase consideration financial liability as at 30 June 2015, after recognising a charge of R6 821 299 to finance costs, was R69 224 164 relating to non-current financial liabilities.*

Fair value of the assets acquired approximates their carrying value at the acquisition date.

From the date of acquisition, AspiviaUnison has contributed R24 320 445 to the profit after tax of the Group. Goodwill recognised is not deductible for tax purposes.

Acquisition related costs of R4 131 022 have been expensed and are included in administrative, selling and other costs on the statement of profit or loss and other comprehensive income.

ACQUISITION OF SUBSIDIARY: SMSS

On 1 March 2015, the Group acquired the entire share capital of Student Management Software Solutions Limited (SMSS). SMSS is a New Zealand registered company.

SMSS has been actively involved in the education sector in New Zealand since 2003. SMSS brings a wealth of experience to the Adapt IT fold and a host of new business opportunities.

The fair values of the identifiable net assets and liabilities of the SMSS companies as at the date of acquisition were:

	Fair value recognised on acquisition R
Assets	
Property and equipment	145 090
Trade and other receivables	6 429 778
Cash and cash equivalents	5 869 965
Total assets	12 444 833
Liabilities	
Trade and other payables	11 852 859
Provisions	450 625
Total liabilities	12 303 484
Total identifiable net assets	141 349
Fair value of consideration transferred	141 349
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	5 869 965
Cash paid	(141 349)
Net cash inflow on acquisition	5 728 616

Fair value of the assets acquired approximates their carrying value at the acquisition date.

From the date of acquisition, SMSS has contributed R461 994 to the profit after tax of the Group.

Acquired receivables represent the gross contractual amounts which approximates fair value and which is further estimated to be fully recoverable.

Acquisition related costs of R937 904 have been expensed and are included in administrative, selling and other costs on the statement of profit or loss and other comprehensive income.

SEGMENT ANALYSIS

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Monthly management meetings are held to evaluate segment performance against budget and forecast.

The following tables present turnover and profit information (after Shared Services cost allocation) regarding the Group's operating segments for the year ended 30 June 2015 and 30 June 2014 respectively:

		Education R	Manufacturing R	Financial Services R	Energy R	Other R	Total R
2015							
Turnover		155 955 376	215 421 755	94 774 959	109 171 778	–	575 323 868
Segment profit/(loss) from operations		27 049 586	32 987 246	16 436 807	24 282 145	(6 938 683)	93 817 101
Operating profit margin	(%)	17	15	17	22		16
2014							
Turnover		123 112 190	147 718 537	64 851 759	70 618 357	–	406 300 843
Segment profit/(loss) from operations		15 127 121	12 492 200	6 410 444	18 842 133	(3 183 571)	49 688 327
Operating profit margin	(%)	12	8	10	27		12

The following table presents segment assets, liabilities, trade receivables and turnover by geographic area of the Group's operating segments as at 30 June 2015 and 30 June 2014:

	Education R	Manufacturing R	Financial Services R	Energy R	Other R	Total R
2015						
Total assets	70 908 934	235 821 073	96 787 702	141 018 205	1 483 684	546 019 598
Total liabilities	71 412 565	123 300 175	12 177 393	9 928 868	2 838 517	219 657 518
Turnover from external customers by geographic area*	155 955 376	215 421 755	94 774 959	109 171 778	–	575 323 868
South Africa	116 058 874	170 620 007	94 612 107	63 526 746	–	444 817 734
African countries**	20 552 340	35 435 433	162 852	587 464	–	56 738 089
United Kingdom	–	–	–	276 012	–	276 012
Europe	4 424 093	–	–	1 402 054	–	5 826 147
Asia	–	–	–	1 201 899	–	1 201 899
North America	–	2 234 809	–	39 825 530	–	42 060 339
South America	–	–	–	1 578 613	–	1 578 613
Australasia	14 920 069	7 131 506	–	773 460	–	22 825 035
Non-current assets by geographic area	31 367 221	182 500 040	76 731 216	101 111 674	504 841	392 214 992
South Africa	28 199 299	182 500 040	76 731 216	101 111 674	504 841	389 047 070
Europe	83 065	–	–	–	–	83 065
Australasia	3 084 857	–	–	–	–	3 084 857
Trade receivables by geographic area	21 962 779	36 978 846	17 477 700	24 620 776	613 776	101 653 877
South Africa	18 054 880	28 728 584	17 477 700	10 375 221	613 776	75 250 161
African countries**	2 331 151	7 060 385	–	–	–	9 391 536
Europe	329 339	–	–	–	–	329 339
North America	–	433 087	–	12 598 488	–	13 031 575
South America	–	–	–	1 647 067	–	1 647 067
Australasia	1 247 409	756 790	–	–	–	2 004 199
2014						
Total assets	58 537 006	82 732 262	28 490 299	125 961 266	1 005 687	296 726 520
Total liabilities	49 680 759	42 817 915	5 217 444	10 067 338	3 842 437	111 625 893
Turnover from external customers by geographic area*	123 210 879	147 768 990	64 686 601	70 634 373	–	406 300 843
South Africa	96 228 904	106 410 212	64 686 601	40 229 413	–	307 555 130
African countries**	16 759 352	32 062 494	–	–	–	48 821 846
Europe	4 510 939	–	–	–	–	4 510 939
Asia	–	–	–	10 428 525	–	10 428 525
North America	–	2 937 733	–	19 976 435	–	22 914 168
Australasia	5 711 684	6 358 551	–	–	–	12 070 235
Non-current assets by geographic area	25 819 662	42 673 304	15 631 354	100 323 019	794 259	185 241 598
South Africa	25 743 187	42 673 304	15 631 354	100 323 019	794 259	185 165 123
Europe	75 855	–	–	–	–	75 855
Australasia	620	–	–	–	–	620
Trade receivables by geographic area	22 944 964	27 864 737	13 122 747	22 378 841	–	86 311 289
South Africa	14 852 432	14 260 177	13 122 747	11 553 251	–	53 788 607
African countries**	5 697 880	7 623 757	–	–	–	13 321 637
Europe	462 828	–	–	–	–	462 828
Asia	–	–	–	2 897 745	–	2 897 745
North America	–	498 473	–	7 927 845	–	8 426 318
Australasia	1 931 824	5 482 330	–	–	–	7 414 154

** The turnover information above is based on the location of the customer*
*** African countries are: Ghana, Zambia, Tanzania, Mozambique, Namibia, Malawi, Swaziland, Lesotho, Botswana, Nigeria, Sierra Leone, Zimbabwe, Kenya, Burundi, Congo and Rwanda*

BASIS OF PREPARATION

The accounting policies applied in the preparation of these preliminary summarised consolidated audited financial statements, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2015. All amendments to IFRS were considered insignificant to the current year. These preliminary summarised consolidated audited financial statements as set out in this report have been prepared in terms of, the Companies Act, (Act 71 of 2008), as amended, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements. The consolidated annual financial statements have been prepared under the historical cost method, except for certain financial instruments at fair value and property measured at fair value. The consolidated annual financial statements have been prepared on the going-concern basis and have been prepared under the supervision of Ms Tiffany Dunsdon CA (SA), the financial director.

These preliminary summarised consolidated audited financial statements, which have been derived from the consolidated annual financial statements and with which they are consistent in all material respects, have been audited by Deloitte & Touche. Their unmodified audit opinions on the consolidated annual financial statements and on the preliminary summarised consolidated audited financial statements (ISA 810) are available for inspection at the registered office of the Company. The board of directors of Adapt IT ("the Board") takes full responsibility for the preparation of this preliminary report and that the financial information has been correctly extracted from the underlying consolidated audited annual financial statements, which is available for inspection at the registered office of the Company.

AUDIT REPORT

The annual financial statements for the year ended 30 June 2015 have been audited by the Group's auditors, Deloitte & Touche and their unqualified audit report is available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the audit report together with the accompanying financial information from the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

FINANCIAL PERFORMANCE

Turnover for the 12-month period to June 2015 increased 42% to R575,3 million (2014: R406,3 million), organic growth was 18% and acquisitive growth was 24%.

Profit from operations increased 89% to R93,8 million (2014: R49,7 million), representing an improved operating profit margin of 16% (2014: 12%). All segments of the business grew turnover and operating profit.

Adapt IT acquired telecommunications software provider, AspiviaUnison effective 1 September 2014, in line with the acquisitive growth strategy. AspiviaUnison develops telecoms related cloud software solutions, which are used by corporates and telecommunications carriers. A smaller offshore acquisition, SMSS (Student Management Software Systems), in New Zealand was acquired on 1 March 2015.

Earnings per share (EPS) improved by 35% to 46,57 cents per share (cps) from 34,45 cps and headline EPS (HEPS) improved by 35% to 46,54 cps from 34,55 cps.

The Board declared its **13th ordinary dividend of 10,90 cents per share**, payable in September, which represents a four times dividend cover ratio and a 32% increase on the prior year's dividend. The Company has a policy of declaring a dividend at the end of the financial year and not at the interim reporting date.

CHANGES TO THE BOARD DURING THE YEAR UNDER REVIEW

There has been one change to the Board in the year under review. Thembisa Dingaan resigned from the board due to her appointment to the Telkom SA Limited board and she has been replaced by Catherine Koffman. The board thanks Thembisa sincerely for her valuable contribution to Adapt IT over four years.

APPRECIATION

The Board extends its sincere thanks to Adapt IT's longstanding and new customers, suppliers, partners, shareholders and service providers for their ongoing support of Adapt IT. In addition, the Board thanks Adapt IT's staff, without whose dedication, hard work, enthusiasm, team spirit, skills and appetite for growth and change, the Group would not be the industry leader it is today.

DIVIDENDS: ORDINARY DIVIDEND NUMBER 13

The Board has set a policy of considering a dividend once annually, after the year-end. The Board has declared a dividend on a dividend cover ratio of four times as the Group wishes to retain a significant proportion of profits for future growth activities.

The Group will have sufficient working capital to meet its requirements after the dividend payment. Notice is hereby given that a cash dividend of 10,90 cents per share (the dividend) has been declared for the year ended 30 June 2015, payable to shareholders recorded in the books of the Company at close of business on 11 September 2015.

In terms of the Listings Requirements of the JSE Limited regarding the following additional information is disclosed:
- This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves;
- The South African dividend tax (DT) rate is 15%;
- The DT to be withheld by the Company amounts to 1,6350 cents per share;
- Therefore, the net dividend payable to shareholders who are not exempt from DT is 9,2650 cents per share, while the gross dividend of 10,90 cents per share is payable to those shareholders who are exempt from DT;
- The issued share capital of Adapt IT at the declaration date comprises 132 854 959 ordinary shares;
- Adapt IT's registration number is 1998/017276/06; and
- Adapt IT's income tax reference number is 9410/002/71/2.

Shareholders are advised that the last day to trade cum-dividend will be Friday, 4 September 2015. Shares will trade ex-dividend as from Monday, 7 September 2015, and the record date will be Friday, 11 September 2015. Payment will be made on Monday, 14 September 2015. Share certificates may not be dematerialised or rematerialised during the period Monday, 7 September 2015 to Friday, 11 September 2015, both days inclusive. This dividend, having been declared after 30 June 2015, has not been provided for in the financial statements.

NOTICE OF THE ANNUAL GENERAL MEETING AND POSTING OF INTEGRATED ANNUAL REPORT

The integrated annual report will be mailed to shareholders on 1 September 2015 and is available 17 August 2015, on the Group's website: www.adaptit.co.za

Notice is hereby given that the 16th Annual General Meeting of shareholders of Adapt IT will be held at 09:00 on Friday, 6 November 2015 at the office of the Company at 5 Rydall Office Park, Rydall Vale Crescent, La Lucia Ridge, KwaZulu-Natal. The Board of directors of the Company determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 30 October 2015.

Accordingly, the last day to trade Adapt IT shares in order to be recorded in the register to be entitled to vote will be Friday, 23 October 2015.

DIRECTORS

Craig Chambers* *(Chairman)*
Sbu Shabalala *(Chief Executive Officer)*
Tiffany Dunsdon *(Financial Director)*
Bongiwe Ntuli*
Catherine Koffman*
Oliver Fortuin*
** Independent non-executive director*

REGISTERED OFFICE

5 Rydall Vale Office Park
Rydall Vale Crescent
La Lucia Ridge
4019
KwaZulu-Natal
South Africa

POSTAL OFFICE

PO Box 5207
Rydall Vale Park
La Lucia Ridge Office Estate
Durban, 4019

TRANSFER SECRETARY

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown, 2107
T +27 (0) 11 370 5000
F +27 (0) 11 688 5200

SPONSOR

Merchantec Capital

COMPANY SECRETARY

Statucor (Pty) Ltd
22 Wellington Road
Parktown
2193

AUDITORS

Deloitte & Touche

Durban
17 August 2015